

Public Governance for Results: A Conceptual and Operational Framework

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Francis Fukuyama (2004.42) wrote "... today, the claim that institutions are the key development variable is already part of conventional wisdom." In recent years, the focus of analysis has moved from the contents of public policy towards the ways of doing politics. While it is still crucial to succeed in the design of each specific policy, what matters fundamentally now is how the whole cycle of public policy-making develops; that is, the ways by which the agenda is formed, and public policies are implemented and evaluated. This change of perspective leads directly to the actors in these processes, the values they embody, the ways in which they express their preferences and interests, the interactions that occur between them, and the rules, written and unwritten, that govern all these actors and their relational patterns. What matters, nowadays, is to analyze the quality of the frameworks and institutional arrangements that shape the governance model acting in each case.

In the following lines, I intend to explore the aspects of the institutional network that should be considered by any analysis that attempts to offer a systemic view of the quality of governance of a country. For this, it is essential to devote some attention from the outset, to the notion of governance.

The notion of governance

There are essentially two factors that have contributed to the provision of a conceptual framework for the notion of governance. The first, theoretical in nature, is the result of the academic success of neo-institutional approaches in social sciences. By considering formal and informal rules as the key explanatory and predictive elements of collective action, neo-institutionalism exerts a dual influence on governance-related issues. On the one hand, it highlights the importance of institutional frameworks for the understanding of the public sphere in democratic environments. On the other, it places reflection on a supra-organization scale, taking institutions as the rules of the game, while understanding organizations, and other actors, as the "players" of this game (North, 1990.4).

The second important factor, factual in nature, is related to changes in the forms of intervention, in what can be described as the evolution to the relational (Mendoza and Vernis, 2008, 37) or cooperative (Innerarity, 2006) state. The traditional modes of hierarchical vertical integration are gradually being replaced by new relational models such as contracts, grants, loans, partnerships or regulations. Social organizations -

"public non-state" in the terminology of Bresser Pereira (2007) – as well as markets and networks claim a more active role in the provision of public services, which implies the need for public managers to adapt to this new relational context.

This evolution runs in parallel with the emergence of new social and collective problems such as global insecurity, the weakness of education systems, migration, the energy crisis, multicultural coexistence, access to housing, health and environmental risks, youth violence or extreme poverty. The government's incapacity to deal on its own with the extreme complexity of these *wicked problems* (Clarke and Stewart, 1997) forces it to share the public sphere with other public and private actors, and to revise the forms of assistance and interaction in order to gain the necessary legitimacy for its policies.

Thus, the term "governance" arises as an attempt to go beyond the notion of "government" which is too attached to public decision-making models borrowed from the old hierarchical settings. However, there is not yet a shared academic understanding of what the notion means. Any attempt to clarify to some extent the conceptual scope of governance must inevitably consider two different approaches: a descriptive or analytical one and a normative or prescriptive one.

From the **descriptive angle**, governance can be viewed as a set of institutional arrangements through which public decisions are designed, adopted and implemented in a particular social environment. The notion refers to structures, processes, relationships between actors, rules, mechanisms of enforcement, control and accountability, incentives, informal rules and, generally, all instruments that affect decisions in the public sphere (Longo, 2008b). This approach tells us *how* things happen, and *what* kind of governance actually exists in a given institutional environment. It also allows us to analyze *why* things happen and even aspires to explain and predict the future, based on certain variables.

The notion of "governance" also has a significance that goes beyond the descriptive and relates to the desire for quality public action. This **normative or prescriptive dimension** is present in most of the contributions found in the literature. From this approach, governance is understood as an attribute of those societies that are capable of successfully facing the challenges of progress and welfare. There are at least three perspectives that relate to this approach.

From the first perspective, governance relates to the quality of democracy, putting particular emphasis on those elements that facilitate the harmonization and integration of citizens to public action. Accountability of those involved in the processes of adoption and implementation of public decisions is a core value here. This is, for instance, the notion of governance that can be found in the White Paper on European Governance (Commission of the European Communities, 2001), which relates governance with "how the institutions of the EU use the powers granted by citizens".

From the second perspective, governance relates to the ability to solve collective problems (governance as "effective governance"). Here, governance is the extent to which public systems are able to successfully address and resolve the problems of the public agenda. Aguilar (2006), among others, adheres to this notion of governance relating it to the "managerial effectiveness" of the process by which actors in a society

decide their goals of coexistence and the forms of coordination necessary to achieve them.

The third normative perspective focuses on institutional frameworks that ensure the efficient functioning of markets and facilitate the development of entrepreneurship and social capital formation. This is the perspective from which the World Bank and other international bodies involved in promoting development primarily consider the issues of governance, providing institutions with a key role of guaranteeing legal security and reducing corruption.

In all of the above perspectives and meanings, the concept of governance is closely related, as noted at the outset, with institutions. March and Olsen (1989, 22), in a sense close to North's, speak of institutions as "rules" and include within this notion the routines, procedures, conventions, roles, strategies, organizational forms and technologies around which political activity is constructed, and also the beliefs, paradigms, codes, cultures and knowledge that surround and support or contradict those roles and routines.

This approach allows us to introduce a distinction between formal and informal institutions. This distinction is of crucial importance when one tries to analyze the governance currently existing in a specific historical setting and context. Governance refers both to the formal institutions (constitutions, laws, structures, technological artifacts, formalized procedures) and to the informal ones (beliefs, mental models, behavioral patterns, implicit rules and convictions about what is appropriate). Although both of them affect the way things work in the public sphere, the means of intervention on both sides are different, as well as the nature, difficulty and length of institutional change in each case. Moreover, informal institutions can assist and give support to the formal rules or, on the contrary, refute in a greater or lesser extent their real effectiveness.

Governance for results

The result of the interactions between the various factors that have been mentioned so far leads to a certain public result. Understanding the roots and the process of causal change involved in the attainment of a certain public result is of fundamental importance in order to improve knowledge in the field of governance of societies. In recent years, the explanatory factors that have been used for the analysis of a certain "public result" have been fundamentally centered on efficiency criteria and on a rather technical view of efficacy. However, while it is important to assess the actual outcomes of governmental action in relation to the resources used, it is also crucial to analyze the institutional and political components of such action, or in other words, to evaluate *how* the actions have been carried out. This makes the incorporation of procedural democratic values such as technical competence and political legitimacy a crucial question when analyzing public results.

It is important to assess public results not only as the outcome of governmental action but also as the aggregate result of the performance of public, private and social actors. Further, the interpretation of those results must take into account the subjective vision of citizens and their value judgment, which is in turn affected by the credibility and trust that they have placed in institutions. The greater the confidence in government

processes, the greater the margin of maneuver and wider use of time available for the government to obtain the results.

Now, in order to sort out the diversity of factors that affect governance and public results, five axes that systematize basic institutional arrangements are proposed using a synthetic normative approach to the notion of governance.

First, the political institutions, understood as those institutional arrangements that frame the political action of governments, citizens and social groups. In this sense it is important to consider the degree of inclusiveness of political participation; that is, the political system's ability to encompass the largest number of people, without prejudice to one's occupying one position or another in a social system. Other issues must be taken into account in this regard, such as the degree of socialization of the political system, the quality of political representation, the territorial distribution of power, the existence of quality political leadership, the presence of an active and vigilant citizenship, and the overall capacity of the system of governance to build consensus.

Second, the rule of law institutions, referring to the existence of an independent and transparent judiciary, open to public scrutiny, capable of making decisions without mediation of outside interests. In order to give an effective right to everyone to access justice, the system must guarantee the general attributes of a good public service (efficacy, fairness, etc.) as well as the control of the use of force. The existence of extra-judicial forms of conflict resolution and the socialization of the rule of law (closely related to the existence of a culture of non-corruption) are also valuable assets in a well-developed judiciary system.

Third, market institutions (those that promote the proper functioning of markets). The basic premise in this regard is the respect for basic economic rights (property, credit, trade, entrepreneurship, etc.), which is guaranteed by both formal and informal institutions such as public faith, the existence of public records, civil law, corporate and tax laws, etc. For these institutions to achieve efficiency, it is necessary in many cases to ensure the independence of the authorities in charge and their protection from the vagaries of the political cycle. Also important in this area, are the instruments of social dialogue that promote long-term sectorial strategies.

Fourth, public administration. The existence of an impartial and effective public administration is a basic attribute of governance. Impartiality stems from the same block of institutions mentioned before, guaranteeing legal certainty and equal treatment and reducing, therefore, uncertainty. Effectiveness is a requirement derived from the magnitude and importance of the role of supplier of goods and services that characterizes modern states, which materializes in high rates of public expenditure on GDP. The inherent dimension of entrepreneurship present in government involves the need to be effective and efficient; two qualities that currently involve almost inevitably having a professional civil service capable of developing strategic coordination of public policies among different actors. It is desirable that this system develops in a background of fiscal capacity, efficacy, transparency, as well as effective systems of assessment and accountability.

Finally, the civil society. To some experts, the quality of governance of a country is closely related to its civil society and the capacity of government to achieve the proper

organization of the participation of social organizations in matters of public interest. Two attributes of governance should be highlighted in this regard. The first, the existence of a balanced representation of the interests of social groups in the public sphere; the second, the presence of adequate mechanisms for articulating the interests at stake, namely institutionalized frameworks in which it is possible to settle disputes and capture the positions of the different interest groups with the lowest possible social costs.

Measuring and improving governance

Almost no one disputes the need to assess governance, either with the goal of directing political and social attention to the causes, not always evident, of certain problems, or to bring about knowledge to improve interventions in the public sphere, or to make the accountability process possible. The difficulty arises when we address how to do it.

Evaluating Governance implies greater difficulties than simply assessing Government actions. On the one hand, these difficulties stem from the complexity implied by the decision-making process when talking about Governance. “This perspective is much more oriented to the understanding of public decision-making as a multi-stakeholder activity, not just a government prerogative and as a ‘fuzzy’ negotiation process rather than a set of clear and firm events” (Kickert *et al.*, 1997; Rhodes, 1997). On the other hand, *Governance* does not refer to good internal management of an organization but rather, to successfully achieving outcomes which are valued by external stakeholders. In other words, the evaluation criteria and procedures used must achieve: a) a reasonable degree of causal linkage between the policies adopted and the results obtained, something which, when referring to outcomes, is oftentimes not very evident; and b) an acceptable degree of agreement amongst the primarily affected social actors, networks and stakeholders as regards the method adopted.

Having a clear vision about what quality Governance consists of must precede the assessment of Governance itself. Determining the criteria to be used must also be prior to searching for and defining indicators, not the other way around. Not doing this implies succumbing to the risk of creating evaluations based on what is more easily measured, generally coinciding with the most quantifiable. The problem with designing primarily quantitative Governance evaluations is that they generally lead to partial or superficial interpretations. Thus, the use of qualitative evaluation instruments is necessary to avoid this risk.

When selecting Governance indicators, the following criteria should be taken into account:

- a) The social impact and connection with citizens’ concerns, well-beyond administrative control objectives or the Administration’s instrumental interests;
- b) Contribution to enriching public debate in a given institutional setting;
- c) Positive effects on collective learning capabilities in terms of dealing with complex social problems;
- d) Contribution to improving the public authority’s transparency and accountability; and
- e) A reasonable degree of *multi-factorality*, that is, sufficient causal linkage between the policies or decisions evaluated and the results obtained.

Two typical problems in Governance evaluations should be avoided. The first is dispersion and a lack of focus, both of which lead to including very heterogeneous criteria with different relative values. The second risk is attempting to find a single normative criterion, capable of serving as the basis with which to evaluate any type of public policy. The complexity of this type of evaluation requires the application of a range of criteria rather than a sole normative principle. In any case, and as can be gathered from the discussion above, the indicators used must include linked criteria, that is, criteria linked to real or potential results stemming from given policies and decisions, and, in addition, criteria linked to the procedures used to elaborate, adopt and implement said policies and decisions.

While not trying to make an all-inclusive list, generally speaking, the following criteria should be included when defining valid indicators to evaluate Governance in contemporary societies:

- 1) Public regard, or the degree to which policies pursue public interest versus rent-seeking or responding to the influence of interested stakeholders;
- 2) Achievement of the explicitly adopted objectives or the application of ratios or standards generally accepted in a given public policy sector;
- 3) Efficiency, that is, the extent to which policies reflect an allocation of scarce resources that ensures high social returns;
- 4) Policy sustainability;
- 5) Fair and impartial treatment of citizens and a respect for legality;
- 6) Democratic decision-making and citizen and stakeholder engagement; and
- 7) Respect for diversity and social inclusion and equality (of opportunities, use, cost, access and outcomes) for disadvantaged groups.

Lastly, worth underscoring is that evaluating Governance can in no way be a mechanical or automatic process. No matter how well defined these evaluations are, the indicators should require evaluators to carry out analyses which are capable of: a) weighing the influence of different concurrent circumstances; b) situating results within their corresponding institutional contexts; c) extracting useful and valid consequences for a rich and inclusive public debate and appropriate accountability; and d) reducing the risk of manipulation and encouraging social learning. The definition of institutional mechanisms capable of producing intelligent and independent assessments may be a recommended formula to achieve these objectives.